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## **State could exhaust its revenues 2 months before fiscal year ends**

PHOENIX — Arizona's bank account to pay its bills could run out of cash as early as the end of next month, according to state Treasurer Dean Martin.

Martin said sales and income tax collections continue to lag far behind the projections used by lawmakers when they adopted the \$10.6 billion spending plan last spring for the current fiscal year. There is no sign things are going to get better, he said.

At the same time, though, Martin said the pace of bills his office is paying has not slowed. He said expenses remain right on track to reach that \$10.6 billion mark despite the directive by Gov. Janet Napolitano to her agency chiefs last September to defer unnecessary expenses.

The result, he said, is that as early as late April, the state will have spent all it expects to collect for the entire budget year, which runs through June 30. At that point, he is legally precluded from paying anything else.

Martin does, in fact, have some additional cash at his disposal, with nearly \$700 million in the state's "rainy day" fund as well as other dollars in various special accounts.

But he is legally precluded from using that without authorization from the Legislature, which would also have to be approved by the governor.

But even that won't be enough to make up what is at least a \$1.2 billion gap between tax collections and the spending plan. And new figures from the state's Finance Advisory Committee suggest the deficit could grow another \$200 million.

Another option is deferring some payments until the next fiscal year, such as state aid to schools.

And Napolitano's plan to borrow more than \$400 million for school construction rather than pay cash has not received a lot of support from most Republican lawmakers.

Gubernatorial press aide Jeanine L'Ecuyer denied that spending by state agencies has not slowed.

But L'Ecuyer said she did not have specifics, saying the governor's budget experts were busy working on new plans to deal with the problem.

Martin's disclosure of the new deadline for action comes as disputes continue between the Democratic governor and the Republican legislative leadership.

The latest salvo came Friday when Napolitano vetoed a legislative plan to freeze all new state and university hiring and promotions.